

Hospital Foodservice: Reopening after COVID-19

By Charlie McConnell, Sr Director of Insights & Best Practices at IFMA

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Foodservice in acute care hospitals changed dramatically as soon as the COVID-19 virus appeared for the first time in the United States. Ramping up supply for an expected surge in COVID patients, containing the spread of infection, and keeping staff safe became the primary foci. Elective procedures were postponed or canceled. Visitors were no longer allowed inside the hospitals. Staff no longer wanted to use the retail area to get their meals. Revenues plummeted.

Now, with the COVID-19 curve flattened in most states, foodservice in hospitals must re-open their operations. However, the virus has had a lasting impact on how consumers and operators want to procure and deliver food and beverages. Retail food operations have changed. This whitepaper examines those changes. It, admittedly, puts a blanket over the United States, knowing full well that not every hospital foodservice operation is the same. Protocols vary by state and by hospital.

The content of this whitepaper is the output of listening to weekly discussions among hospital foodservice directors that make up IFMA's Healthcare Operator Council. The members of the Council are listed at the end of this whitepaper.

Acute Care foodservice operators face new challenges, as a result of COVID-19, that will linger into the future. The most impactful of those challenges are listed here.

1. **Budget shortfalls**

With elective surgeries postponed and visitors not allowed into facilities, the volume of people in foodservice retail areas and business declined sharply. According to estimates from the Coronavirus Foodservice Impact Model published by IFMA and Datassential, hospitals experienced average declines of 17% as a result of COVID-19. Additionally, profitable catering events were all canceled and show little to no sign of returning anytime soon. Ironically, the flood of donations for Healthcare workers impacted retail sales too. Staff members that normally would buy their meals from the hospital retail areas have been eating donated food and beverages.

2. **Staff shortages**

To compensate for budget shortfalls, foodservice directors have had to lay off or furlough staff. Getting the staff to come back, in anticipation of increased traffic, has proven difficult. Unemployment benefits have, in some cases, been more lucrative than the hourly pay they had received at the hospital. Fear of infection has made foodservice workers look at other job opportunities that might be less risky.

3. **Self-serve areas revamped**

Salad bars, beverage stations, and condiment bars have been closed or repurposed across many retail foodservice operations in hospitals. Customers wanting a salad now need to buy a pre-made salad, or order a customized salad made by staff member. The salad bar allowed customers to customize their salad and get in and out of the retail area fairly quickly. Now salads can only be made one at a time and a staff member is required. The same is true of self-serve drink stations, like soft drinks, coffee, and iced tea. A staff member is pouring the drinks. Condiments are being replaced by portion control packages.

4. **Reliance on non-sustainable packaging**

Prior to COVID, foodservice directors were doing what they could to reduce waste by buying recyclable or compostable packaging, or by foregoing packing all together. Now, with a combination of budget shortfalls and increased demand for carry out packaging, some directors are having to put sustainability on the back burner and resort to using packaging that is not environmentally friendly. Most operators on the council expect this change to be short-lived as sustainability remains a core focus of their hospital systems.

On the brighter side, new opportunities for hospital foodservice have emerged as a result of the COVID-19 virus. Some of these opportunities were the result of necessity, while others were the result of ingenuity and entrepreneurship. All are examples of developing new revenue streams in an environment shaken by change.

- **Micro grocery stores** – Hospital foodservice directors saw that staff were working long hours and were reluctant to go to the grocery store at the end of a shift. In response, many repurposed unused space and converted it in to mini grocery stores. These markets are now stocked with essentials, like paper products, proteins, rice, and pasta. Directors are ordering these items from their broadline distributors and labeling them for retail sale. According to many Council members, this added benefit has been greeted warmly by hospital staff that is exhausted from difficult work conditions.
- **Enhanced grab and go options** – Eating in groups is being discouraged, so more hospital staff are relying on grab and go meals. Forward thinking hospital foodservice directors are meeting this new need by amplifying what they offer in their grab and go retail. Sandwich options are being expanded, along with soups, salads, and a la carte meals. This meal delivery system benefits the operator in that much of the prep can happen during non-peak hours, they require less labor, and can be paid for using cashless systems.
- **Meal kits and take-and-bake** – Building on the retail grocery concept, foodservice directors are also starting to sell meal kits and take and bake items that staff can purchase and then prepare at home. This allows the directors to

use products they already buy, prepare them back-of-house, package them with instructions, and then sell them. These new retail products are a win for the foodservice operators and a surprising benefit for the hospital staff.

- **Renovation and Remodels** – Admittedly, this item is more capital expense than revenue generator. With decreased traffic in the retail areas, some foodservice directors turned their under-utilized labor and made renovations that, over the long term, should provide additional revenue opportunities.

The IFMA Healthcare Operator Council has discussed fundamental changes they expect to implement in many of their operations. Some of these may go away after a vaccine for COVID-19 is widely available, while most of them should become permanent fixtures in this segment.

- **Staff wearing masks, hair nets, and gloves** – Consumers will expect that foodservice workers look like they are serving in a safe manner. This translates into wearing disposable masks and gloves and continuing the long-standing protocol of hair nets or hats. This new protocol will make it more difficult for workers to smile and converse with guests. Communication will be more difficult, so finding new ways to show warmth and hospitality will require some thought.
- **Less seating in dining areas** – The role of foodservice dining area as a place for staff and visitors to come together will stop. Tables and chairs are being removed to ensure a minimum of 6 feet between tables. Large, communal tables are being replaced with smaller tables. Dining area seating capacity has been cut to 50%. At large hospitals, staff is being told to visit the dining areas at specific times during their shifts to control the number of people. All of this accentuates the previously mentioned need for enhanced grab and go options that can be consumed in less public areas.
- **Cashless payment and plexiglass barriers** – To reduce interaction between patrons and staff, foodservice directors are looking at ways to enhance cashless payment options. For hospital staff, this means requiring them to use their employee badges, which are attached to a bank account or to their payroll. For visitors, this is not as easy. Some directors on the Council are already getting pushback when they have tried to go cashless. In all operations, plexiglass is now a barrier between customers and staff at payment registers.
- **Break rooms with fewer self-serve options** – Coffee and tea stations that were a mainstay of staff benefits could change. To reduce multiple people from touching the same equipment, foodservice directors are having to remove self-serve beverage stations and either not offer beverages or have a staff member there to prepare and serve the coffee and tea. Having to use a foodservice staff member for a non-revenue producing activity is not profitable.
- **Order ahead phone apps** – On multiple occasions over the last month, Council members have asked each other for recommendations on mobile phone apps that allow hospital staff to pre-order their meals for pick up or desk delivery. Consumers are generally used to this when ordering from a restaurant, but are less apt to use it in a hospital dining situation. However, foodservice directors are being told to find technology solutions that reduce or eliminate waiting in common areas. Most Council members either already have an app in place, or plan on instituting one soon.
- **Customization moves behind the counter** – As a result of the previously mentioned removal of self-service stations, customers wanting a customized meal will now have to have a staff member build it. In the case of sandwiches and other a la carte items, this is not a change. However, in the case of salad and hot bars, this requires a significant change. Council members are reporting that staff are disappointed to see the salad bar go away. They liked being able to portion out their salad exactly how they liked it and then pay for it by weight. Keeping these customers from bringing their own salads from home will be a new challenge for hospital foodservice directors.

Over the last three months, hospital foodservice directors have been challenged like never before. Their world has been turned upside down and they have had to adjust on an almost daily basis. Consequently, they are open to ideas on how to recoup their lost revenue while still adhering to the new safety protocols that are now in place. Foodservice manufacturers and their trading partners, such as GPOs, foodservice management companies, and broadline distributors need to create partnerships that focus on driving new value into the hospital foodservice segment.

IFMA will continue to host and listen to the Healthcare Operator Council and provide its members with the insights and best practices to help build these partnerships and support operators in the segment. In addition to the Healthcare Council, IFMA is also hosting Councils in the K-12, College & University, Business & Industry, and Small Chains segments. Report outs, like this one, from the other Councils will be published in the coming weeks.

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